

FISCAL NOTE

Bill #: SB0354

Title: Require only one license plate on vehicles

Sponsor: Arnie Mohl

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
General Fund	(\$45,533)	(\$408,368)
Revenue:	\$0	\$0
Net Impact on General Fund Balance	\$45,533	\$408,368

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Department of Corrections (DOC)

1. There is significant general fund cost savings anticipated in the materials used to make license plates.
2. SB354 removes the requirement that two license plates must be issued for and displayed on a vehicle. This act requires that a single license plate be displayed on the rear of a vehicle and amends various sections in MCA dealing with license plates (61-3-301, 61-3-331, 61-3-411, 61-3-421, 61-3-423, 61-3-463, 61-3-722, 61-4-102, 61-4-103, and 61-4-223, MCA).
3. No reissue of plate design or type is anticipated. The county treasurer at the time of issuing a registration receipt will assign the motor vehicle a license plate number and deliver to the applicant one license plate instead of two. This license plate would be displayed on the rear of the vehicle.
4. Existing properly licensed vehicles would only be required to have one license plate on the rear of the vehicle instead of both one on the front and rear.

(continued)

5. All references in the various sections of MCA regarding license plates are changed to a single plate concept.
6. Changing to a single license plate concept will result in savings of approximately one half the cost of aluminum, scotchlite and some of the supply costs. In addition, the reduction in number of plates may have a corresponding effect on the repair and maintenance costs, and number of inmate workers. Utility costs will not be dramatically affected so no cost savings will be projected.
7. Projections for large plates were initially at 439,888 for FY 2000 and FY 2001. The number of large plates would be cut in half to 219,944.
8. Aluminum purchases of 195,302 pounds at \$1.10 for large plates were projected for the 2001 biennium taking into account existing inventories and having a two-month inventory carryover. Based on a single license plate only 84,471 pounds will need to be purchased in FY 2000. Using the cost of \$1.10, the overall cost savings of aluminum would be \$9,377 in FY 2000 and \$112,537 in FY 2001.
9. Scotchlite purchases of approximately 256 rolls at \$1,105 per roll were projected for the 2001 biennium taking into account existing inventories and having a two-month inventory carryover. Based on a single license plate, only 235 rolls of scotchlite will be needed and would be purchased in FY 2000. Overall cost savings would be \$23,205 in FY 2000 and \$282,880 in FY 2001.
10. Miscellaneous supplies savings are projected at approximately \$2,500 each year.
11. Approximately one half of the boxes used for shipping would be needed at projected savings of approximately \$1,200 each year.
12. Inmate crew size would probably decrease by approximately four workers at projected savings of \$4,160 each year.
13. Repair and maintenance requested for the biennium is based on FY 1998 current level. Due to the age of the equipment we are not projecting any reduction or cost savings.
14. Cost savings based on Montana Correctional Enterprises (MCE) license plate factory adjusted base and present law adjustments budget request for FY 2000 and FY 2001 are listed below.

	<u>FY2000</u>	<u>FY2001</u>
Aluminum	(9,377)	(112,537)
Scotchlite	(23,205)	(282,880)
Miscellaneous Supplies	(2,500)	(2,500)
Boxes	(1,200)	(1,200)
Inmate Pay	(4,160)	(4,160)

Department of Justice (DOJ)

15. In calendar year 1998 the DOJ, Motor Vehicle Division distributed 455,437 regular license plates and 44,559 small license plates to the county treasurer motor vehicle offices for dissemination to the public taxpayers at an operating cost of \$10,183 in postage and freight.
16. If this bill passes, costs for distribution of license plates would be reduced by approximately 50% annually, or \$5,091. ($\$10,183 \times 50\% = \$5,091$) The mechanism of how the single plate issue will be used is at the direction of the DOJ, Motor Vehicle Division.

FISCAL IMPACT:

	FY2000 <u>Difference</u>	FY2001 <u>Difference</u>
Department of Corrections (DOC)		
<u>Expenditures:</u>		
Personal Services	(\$4,160)	(\$4,160)
Operating Expenses	<u>(36,282)</u>	<u>(399,117)</u>
TOTAL	(\$40,442)	(\$403,277)
<u>Funding:</u>		
General Fund (01)	(\$40,442)	(\$403,277)
<u>Revenues:</u>	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	\$40,442	\$403,277
Department of Justice (DOJ)		
<u>Expenditures:</u>		
Operating Expenses	(\$5,091)	(\$5,091)
<u>Funding:</u>		
General Fund (01)	(\$5,091)	(\$5,091)
<u>Revenues:</u>	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	\$5,091	\$5,091

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Department of Corrections

It does not appear that there would be a loss in revenue from this legislation.

LONG-RANGE IMPACTS:

Department of Corrections

Production of a single license plate would have significant cost savings over a long period of time. Cost savings of \$443,719 noted above for FY 2000 and FY 2001 would be typical of cost savings to be incurred each biennium if a single license plate and the number of plates used in the projection remain somewhat the same.